



United States
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Foreign
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Service

FACT SHEET

U.S.-Colombia Trade Promotion Agreement Arkansas Farmers Will Benefit

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The U.S.-Colombia Trade Promotion Agreement (CTPA) provides increased access for Arkansas's agricultural exports by making agricultural trade a two-way street and leveling the playing field with respect to third country competitors in the Colombian market. Already our largest market in South America, Colombia now holds even greater potential because it has agreed to immediately eliminate duties on 53 percent of current U.S. trade upon implementation of the agreement. The American Farm Bureau and over 40 other agricultural industry and farm groups strongly support the agreement by stating "the agreement will provide U.S. products exported to Colombia with the same duty-free access already granted to Colombian products exported to the U.S."

Exports of farm products boost Arkansas's farm prices and income. Such exports support about 23,445 jobs both on and off the farm in food processing, storage, and transportation. Agricultural exports amounted to \$2.2 billion and made an important contribution to Arkansas's farm cash receipts in 2007 that totaled \$7.1 billion.

Poultry. Poultry meat exports to Colombia surpassed \$11.6 million in 2007. As broilers are Arkansas' 4th leading agricultural export product at \$380 million, Arkansas poultry producers and processors will benefit from the CTPA.

- U.S. poultry producers currently face a system of variable levies (price band system) that result in tariffs as high as the World Trade Organization (WTO) ceiling of 209 percent. Upon implementation of the CTPA, Colombia will immediately eliminate the price band system on imports from the United States.
- Colombia will provide immediate duty-free access on chicken leg quarters, which currently faces a 20-percent duty (209 percent allowed by the WTO), through a 27,040-ton tariff-rate quota (TRQ) that expands by 4 percent, compounded annually. Colombia will phase out the 164.4-percent over-quota tariff for fresh, chilled and frozen leg quarters and 70-percent over-quota tariff for processed leg quarters over 18 years with no reductions during the first 6 years of the agreement.
- Colombia will also provide a 412-ton TRQ that expands 3 percent, compounded annually, for "spent fowl." Colombia will phase out the 45-percent over-quota tariff for "spent fowl" over 18 years.

- Colombia will immediately phase out duties on poultry products such as wings and breast meat.
- Tariffs on turkey products will be phased out over 5 years.
- Colombia will immediately eliminate duties on live chicks and hatching eggs and will phase out duties on eggs for consumption over 10 years.
- Colombia agreed to continue to recognize the equivalence of the U.S. meat inspection and certification system to its own system.
- *The National Chicken Council, USA Poultry and Egg Export Council, National Turkey Federation, United Egg Association, United Egg Producers, and Pet Food Institute publicly support the CTPA.*

Rice. In 2007, the United States exported \$1.1 million of rice to Colombia. Arkansas's farm cash receipts for rice totaled \$1 billion, making it the state's second largest agricultural industry. As the nation's leading rice exporter, Arkansas will benefit from this agreement.

- U.S. rice exporters currently face a system of variable levies (price band system) that results in tariffs as high as the WTO ceiling of 189 percent. Other rice products face applied tariff rates, ranging from 5–80 percent. Colombia will immediately eliminate the price band system on imports from the United States.
- Colombia will establish a 79,000-ton, zero-duty rice TRQ that will grow 4.5 percent, compounded annually. All rice types will be eligible for the TRQ with the quantity on a milled-equivalent basis. The over-quota tariff will be phased out over 19 years with no reduction during the first 6 years of the agreement. Tariffs on rice flour, bran, sharps and other milled rice residues will be phased out over 5 years.
- *The USA Rice Federation publicly supports the CTPA.*

Cotton. In 2007, the United States exported \$59 million of cotton to Colombia. Cotton export figures to Colombia are their highest since at least 1970 (in excess of \$70 million), and growing. Arkansas cotton farmers are the nation's second largest state exporters and cotton provides the fourth largest source of state farm cash receipts.

- Under the CTPA, Colombia will immediately eliminate the 10-percent tariff (99 percent allowed by the WTO) facing U.S. exporters.
- The CTPA provides for reciprocal elimination of all cotton duties.
- *The National Cotton Council and the American Cotton Shippers Association publicly support the CTPA.*

Soybeans and Products. U.S. exports of soybeans to Colombia were nearly \$175 million in 2007, a record figure. As the third largest source of farm cash receipts and second largest export, Arkansas soybean farmers will benefit from the CTPA.

- U.S. soybean producers currently face a system of variable levies (price band system) that results in tariffs as high as the World Trade Organization (WTO) ceiling of 150 percent. Colombia will immediately eliminate the price band system on U.S. imports.
- Colombia will immediately eliminate duties, currently ranging from 5–20 percent on soybeans, soybean meal and soybean flour.

- Colombia will eliminate duties within 5 years on crude soybean oil (currently 20 percent; 75 percent allowed by the WTO).
- Colombia will provide duty-free access for crude soybean oil by establishing a 31,200-ton duty-free tariff rate quota (TRQ) that will grow 4 percent, compounded annually. Colombia will phase out the 24-percent over-quota tariff over 10 years.
- *The American Soybean Association, the National Oilseed Processors Association, the American Feed Industry Association, and the Pet Food Institute publicly support the CTPA.*

Beef. In 2007, the United States exported \$386,000 of beef and beef products to Colombia. Arkansas' ranchers and beef industry, with cash receipts of \$519 million in 2007, will benefit from the CTPA.

- Colombia will immediately eliminate its 80-percent duty (108 percent allowed by the WTO) on beef products most important to the U.S. beef industry—prime and choice cuts.
- U.S. exporters of standard quality beef cuts will enjoy immediate duty-free access through a 2,100-ton TRQ. The TRQ will grow by 5 percent, compounded annually. Colombia will phase out the 80-percent out-of-quota tariff over 10 years after a 37.5-percent cut at the beginning of the first year of implementation.
- U.S. exporters of variety meats (offals) will immediately receive duty-free access under a 4,642-ton TRQ that will grow 5.5-percent, compounded annually. The 80-percent over-quota tariff will be phased out over 10 years.
- Colombia agreed to continue to recognize the equivalence of the U.S. meat inspection and certification system to its own system.
- Colombian exporters of beef to the United States will receive duty-free access under a 5,250-ton TRQ that will grow 5 percent, compounded annually. The United States will phase out its beef tariffs over 10 years. For those beef lines that are already duty free under the Andean Trade Promotion and Drug Eradication Act (ATPDEA), the CTPA will continue the duty-free treatment.
- *The American Meat Institute; National Cattlemen's Beef Association; U.S. Hide, Skin and Leather Association; U.S. Livestock Genetics Export, Inc.; and Pet Food Institute publicly support the CTPA.*